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Deputy Executive Director,
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Therese W. McMillan
Deputy Executive Director, Policy

**Programming and Allocations Committee
April 12, 2006
Minutes**

The meeting was called to order at 10:33 a.m. Committee members in attendance were Commissioners Haggerty (Chair), Vice-Chair Anderson, Ammiano, Blanchard, Dodd, Kinsey, Sartipi, Tissier, Young, Rubin, McLemore, Halsted, and Torliatt.

Consent Calendar

The committee voted unanimously to approve the minutes of the March 8, 2006 meeting as submitted.

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- Quarterly Report of Executive Director's Delegated Authority Actions.
- Federal Transit Administration's (FTA) Section 5310 Elderly and Disabled Transportation Program. MTC's Regional Priorities for FY 2006-07. MTC Resolution No. 3749.
- Revised Regional Project Delivery Policy for the Safe, Accountable, Flexible, Efficient Transportation Equity Act (SAFETEA). MTC Resolution 3606, Revised.
- Transportation Improvement Program (TIP) Amendment 05-21. MTC Resolution No. 3630, Revised.

Regional Programming

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- Regional Measure 2 (RM2) Proposed Capital Allocation. MTC Resolution No. 3650, Revised.

Vince Petrites reported on BART's request for RM2 allocations totaling \$3.4 million for support of the Central Contra Costa Crossover Project. The crossover tracks near the Pleasant Hill BART station will allow peak period trains to take advantage of higher passenger demand in the core area. The two allocations for the crossover project are for final design and right of way. In addition, Vince noted that BART has recently completed the environmental clearance on this project.

- RM2 proposed program for FY 2006-07 operating assistance MTC Resolution No. 3747.

Vince Petrites reported on the RM2 Operating Assistance program for FY 2006-07. MTC's RM2 Policies and Procedures state that MTC will adopt a project budget for the operating projects, which includes \$32.9 million for nine of the 14 operating and planning projects in RM2. Vince noted that \$8 million of the project budget is for initial operating support for TransLink®, while the remaining \$24.9 million is dedicated to ongoing operations. The remaining five operating projects that are not being funded for next year are currently not ready to move forward.

- AB 664 Bridge Net Toll Revenue Allocation Policy, FY 2005-06 through FY 2007-08, AB 664 Net Bridge Toll Revenues Program of Projects, and FY 2005-06 AB 664 Net Bridge Toll Revenues Allocations. MTC Resolution Nos. 2004, Revised, 3742, and 3743.

Glen Tepke reported on AB 664 bridge toll funding, which provides a local match to federally-funded transit capital projects. AB 664 funds, however, are insufficient to match all of the eligible capital high scoring capital projects. MTC staff worked with members of the Transit Finance Working Group (TFWG) and Partnership Technical Advisory Committee (PTAC) to address the concern and have developed a proposal and amended MTC's policy for programming these funds for FY 2006-08. The proposed policy acknowledges the programming exceptions to the commission's Transit Capital Priorities (TCP) policy for those years including the programming of surplus FTA formula funds to projects of the operator's discretion as well as funding for transit security and California Air Resources Board (CARB) emission reduction requirements. The proposed policy proportionately matches all projects funded with FTA 5307 and 5309 fixed guideway funds regardless of the TCP score.

In addition, Glen stated that MTC staff recommends \$16.1 million in AB664 funds, that would have been programmed to BART under this proposed policy, be withheld pending further discussion and agreement on repayment of the \$60 million Regional Measure 1 (RM1) loan for the San Francisco International (SFO) airport extension project to MTC. The MTC staff recommendation also included funding for LAVTA's FY2005 project that was inadvertently excluded from the FY 2005 program and reprogrammed expired funds to Vallejo for their bus engine retrofit project. Glen summarized that MTC's staff proposal would program \$21.9 million in FY 2006-08 AB664 revenues in accordance with the proposed policy and would allocate \$8.4 million in FY2006.

Tom Margro, BART's Executive Director, thanked the Commission for approving the Contra Costa County Crossover project and urged the Committee not to approve MTC staff's recommendation to withhold \$16.1 million from BART. Tom stated that not providing the matching funds delays approximately \$80 million of needed capital improvements and the impact of delays lead to higher costs and decreased performance for the BART system. Tom noted that BART is committed to achieving a solution to the issue of the \$60 million loan.

Dennis Fay, executive director of Alameda County CMA, urged the commission to consider the various agreements associated with the SFO BART extension as a total package. Dennis stated that the issue is a regional transit problem and not just a loan repayment problem. The SFO BART agreements call for \$145 million to be contributed to the Warm Springs extension, from the operating surplus on the SFO extension. However, there is no operating surplus and Samtrans may be unable to pay its share of the operating deficit on the SFO extension. Dennis urged the commission to take a leadership role on the current financial problems.

Steve Heminger, Executive Director of MTC, agreed with Dennis stating that there are two issues, which are the \$60 million dollar loan as well as the \$145 million in profits from the SFO extension. Steve stated that currently, since the SFO extension is not making profits, the \$60 million is the more secure of the two. Although BART is unable to repay the loan amount now, MTC is willing to work with BART to come up with a solution by June because MTC is due to allocate the last increment of New Starts funding from Washington in June. He noted that resolution of the issue is important by the end of the Fiscal Year, as it pertains to MTC's fiscal audit findings.

Steve mentioned that the money being withheld is not being allocated to another operator, it is being held for BART until a solution to the loan is met. The toll funds were committed by the Commission to the Warm Springs project, and when the loan is restructured, it can fulfill the original purpose to fund the extension.

Steve added that the agencies worked out an arrangement for a grade separation improvement in the City of Fremont, which is the first step towards the BART extension to Warm Springs and on to San Jose and Santa Clara County. In addition, Steve mentioned that the result of the sales tax election in Santa Clara County will give MTC an important discussion point to move forward in regards to the loan issue.

Commissioner McLemore, representing the cities of Santa Clara County, stated that he respects Tom Margro's comments, but supports staff's recommendation because extending BART towards Santa Clara County is an important issue to their County.

In response to *Commissioner Young's* question on the loan having an interest charge attached to the \$60 million loan, Steve Heminger stated that the original loan was interest free, but believed with the renegotiated loan and extended term, the loan ought to include interest, which BART does not agree with.

Commissioner Scott Haggerty, stated that the Warm Springs extension affects not only Santa Clara County, but Alameda County and the people they serve. Scott proposed a friendly amendment to MTC staff's recommendation that MTC should take a leadership role in the broader financial issues associated with the BART-SFO agreements, including the Regional Measure 1 funds to the SFO extension, San Mateo's capital contributions to the Warm Springs extension, and funding for the operating costs to the SFO extension. The staff recommendation was approved by the committee as amended by Commissioner Haggerty.

Federal Programming

The committee voted unanimously to refer the following resolutions to the full Commission for adoption.

- STP Exchange Reimbursement Program Revision. MTC Resolution No. 3018, Revised.

Ross McKeown reported on a request for \$250,000 for development of environmental studies and preliminary design work for an analysis of the suicide deterrent system on the Golden Gate Bridge. Last April, the Commission approved \$1.6 million in Federal STP funds for the project. The request for additional funding is necessary to match the federal funds and help secure the entire cost of the project.

Commissioner Tom Ammiano appreciated the Commission's support for the project.

State Programming

The committee voted unanimously to refer the following to the full Commission for adoption.

- Alternative 2006 Regional Transportation Improvement Program (RTIP) in Response to CTC Funding Shortfall.

Kenneth Folan reported that due to a state-funding shortfall, the region is proposing to modify its proposed 2006 RTIP that is scheduled to be adopted by the CTC on April 27th. CTC staff issued a recommendation recognizing a large imbalance between highway projects and transit projects. To address the imbalance, CTC is recommending the removal of \$780 million of STIP programming of highway projects in the state, \$94 million of which was to go to the Bay Area. CTC acknowledged that there was \$730 million of transit eligible funds left unprogrammed and would be available for future programming if any of the regions wanted to come forward with an amendment to the STIP. To fill the \$94 million gap, MTC proposes to swap in \$25 million worth of transit projects into the STIP. MTC will continue to work with CTC, Caltrans, and CMA's to identify other projects that may be able to move into the STIP to receive actual allocations.

California Transportation Commission (CTC) Report

Alix Bockelman reported that in March the CTC took a stance on resuming allocations with the Proposition 42 transfer expected in FY2006-07 for both the Traffic Congestion Relief Program (TCRP) and STIP program. For the TCRP, the region secured an allocation of \$11 million for the BART seismic project as well as \$5 million for the Caldecott project.

Public Comment

Jerry Grace, an Oakland resident, commented on Commissioner Ammiano being on the Golden Gate board.

The meeting was adjourned at 11:16 a.m.

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